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Published in:

Electronic Government, Third International Conference, EGOV 2004

Publication date:

2004

[Link to publication in Tilburg University Research Portal](#)

Citation for published version (APA):

Leenes, R. E., & Svensson, J. (2004). Electronic Services in a Decentralized State. In R. Traunmüller (Ed.), *Electronic Government, Third International Conference, EGOV 2004* (pp. 496-502). (Lecture Notes in Computer Science; No. LNCS3183). Springer Verlag.

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Electronic services in a decentralized state

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Abstract. The Netherlands puts much effort in establishing itself as a modern country and as one of the leading countries in the information age. At the same time, however, it has been losing its position as a forerunner in the electronic delivery of public services. This is mainly due to the fact that most public services are delivered at the level of the Dutch municipalities. At this level eService development is almost stagnant because of a) lacking municipal resources and limited potential benefits and b) a reserved, soft attitude by central government which has adhered to the Dutch institutional principles of municipal autonomy and the consensus model. In recent years, however, we see some developments which may help to solve the existing stalemate and may indeed bring the Netherlands back on track.

1 Introduction

At first glance, the Netherlands seems to provide excellent conditions for the development of electronic services: its population is well educated, trust in government is high, there is a good technical infrastructure, a high internet penetration among citizens and well organized central registrations [1]. It is, therefore, not surprising that the Netherlands has long been one of the countries leading in the electronic delivery of public services. From the early beginning of public sector informatization, many Dutch *national* agencies have played a leading role in the world. These agencies were early to invest considerable resources in the implementation of ICTs in their highvolume services, such as income tax returns, student bursaries, housing subsidies and child allowances. In general this investment has been effective in that it has resulted in the availability of several sophisticated electronic services. In recent years, however, we see a serious stagnation in this field. Where other countries still show considerable progress in the development of electronic service provision, the Netherlands does not and according to international benchmarks, the country is slowly but surely overtaken by almost every other developed country [2, 3]. Partly this stagnation can be explained as a ceiling effect and as an effect of the disadvantage of being ahead; countries that were behind the Netherlands in the past, were able to build on previous experiences. A more important explanation for the current position of the Netherlands can be found in a subtle but important shift in the governmental level at which new electronic services are developed. Where early development took place at the *national* level, further growth largely depends on the *local* level of the municipalities. As about 70 percent of public services is provided at this municipal level in the Netherlands, this is the level that really counts when it comes to further development of eService delivery. It is, however, also the level at

which the least progress is made. According to national benchmarks, such as <http://www.webdam.nl> and <http://www.advies.overheid.nl>, some municipalities really invest in electronic service provision for their clients, but most in fact do very little. In general, progress is slow and eService maturity at the municipal level is not very high [4]. The fact that all municipalities are officially on-line, albeit only recently, cannot hide the fact that the sophistication of most municipal websites is very diverse and in general rather limited. Many municipalities come little further than providing some basic (tourist) information on their websites and few go beyond the level of simple information

provision about municipal products and services, with some downloadable forms at best. Transaction services, or even tailor made advice services are still largely lacking and in fact citizens satisfaction with these municipal eServices is fairly low [5].

This paper takes a closer look at the reasons for this lagging development of eServices in the Netherlands, mainly drawing upon earlier research of our group [4, 6-11]. The paper is organized as follows. In the next section we will first discuss the reasons why Dutch municipalities are not taking up the challenge of eService development. Then, in section three we try to explain why, although electronic delivery of public services is also a national issue, Dutch national government, until now, has not succeeded in its efforts of bringing the municipalities any further. Section four then presents some light at the end of the tunnel. Finally, after years of stagnation in public eService delivery several recent developments give rise to some hope.

2 Reasons for local inaction in eService development

A simple thought, which still dominates much thinking about electronic service development, is that eService development can best be left to the organizations which are responsible for these services in the first place. These organizations know the procedures and have experience with administrative practices. They understand what their clients need, and are in the best position to determine where and how new ICTs can be applied to get the best results. Thus, in the Netherlands and elsewhere, it seems only reasonable that the development of the electronic provision of municipal services is left to the municipal organizations.

A more careful analysis, however, shows that development of eServices at this level is rather problematic [7-9], and that at the Municipal level there are at least three good reasons why eServices are not developed:

- The limited capacities of individual municipalities (in terms of budgets and specialist personnel);
- The limited benefits for individual municipalities and their political leadership;
- Legal limitations.

In the first place, developing and maintaining sophisticated eServices generally takes a lot of effort. As discussed earlier, large national agencies in the Netherlands have done a good job in implementing eServices, but this is the result of huge investments. The Dutch internal revenue service, for example, maintains a special IT-department with almost 2,500 (specialized) staff and a yearly IT budget of 350 million Euros. In this perspective, it is clear that very few municipalities, if any, will be able to implement eServices on the same scale and with the same sophistication. The average municipality in the Netherlands has about 20.000 inhabitants and thus a limited staff, with at best only one or two IT staff and a very limited IT-budget. With this level of

resources it is not really feasible to implement eService delivery for the large number of municipal products (400+), at more than a superficial level.

Second, as Hoogwout [12] compellingly argues, it is not very clear how extended eService delivery benefits small municipalities and their political leadership. On the one hand, efficiency gains induced by eService delivery are generally more limited than one may think. Many services are hardly used by citizens. And even the most popular ones show relatively low volumes (a passport is required once every 5 years by 70% of the population, a driver's license once every 10 years by 60% of the population). On the other hand, little can be gained in terms of client satisfaction. In the Netherlands, citizens are generally content with public service delivery as it is. In other words, for the politicians responsible for eGovernment on the local level, there is little to be gained by pressing for eServices: eGovernment does not win any votes or money. Moreover, implementing eServices may cause much unrest in the municipal administration and touches on power structures, roles and responsibilities. This means that the political risks of implementing electronic service delivery are serious and worth avoiding.

Third, and this is often overlooked, municipalities that try to develop eServices often encounter serious institutional barriers, with respect to what they are and what they are not allowed to do in this respect. One example is the issue of identification and authentication. In the Netherlands, municipalities are not allowed to use the social-fiscal number and/or to distribute electronic identity cards, a fact which in practice seriously hinders the development of on-line transactions. Another example is the Land Registry Act that prevents local authorities to include land registry data (property ownership, for instance) in their eService modules, even though they have electronic access to these data and citizens can obtain the data at the physical desk.

So, in sum when electronic service delivery is left solely to the Dutch municipalities, it is clear that we should not have high hopes.

3 Questions of effective national stimulation

So, what about the national level? When, indeed, it is the ambition of the Dutch national government to develop the Netherlands into one of the leading information societies, what have been its strategies for taking public eServices beyond the current level? Should not the state have enforced or stimulated the development of local eServices? Answering these questions require some insight into the constitutional limits to state involvement in the Netherlands and into the ineffectiveness of softer measures which have been deployed by the state, so far.

Important constitutional limits

When we look at National eGovernment Strategy in the Netherlands, a key issue is the constitutional make-up of the Dutch state. The Netherlands is generally referred to as a decentralized, unitary state [13]. This means that in essence there are three separate layers of government: the national, the provincial and the local. The position of municipalities and provinces is recognized in the Dutch constitution and is intended to create a system of checks and balances of political and governing powers. Municipal and provincial authorities are set up as government bodies with their own democratic underpinnings and their own responsibilities, thus having independent authority in many fields. They have the power to raise taxes and develop policy on areas not restricted to the national level by law. This gives them a high level of autonomy, especially compared to more centralized countries.

It is from this perspective that any policy concerning eGovernment and electronic service delivery has taken shape. The fact that most services are provided under local authority and local responsibility implies that the Dutch national government has not taken up this task itself, nor has applied direct authority over the innovation of local service delivery. For most services the issue of electronic provision is regarded to be in the hands of the municipalities and with respect to these municipalities, the Dutch national government has only used softer policy instruments to convince and stimulate the municipalities to take action.

The ineffectiveness of softer measures

As we have described elsewhere, the Netherlands has indeed been a champion in applying softer policy in this field [4]. During the last decade, several national eGovernment programs have been developed to stimulate local authorities to pick up on eServices. Well known programs are the OL2000 project (1997-1999) and more recent the SuperPilot project (2001-2004). In the OL2000 project, the central government provided subsidies for pilot projects to implement eServices. The SuperPilot project focuses on three large cities: The Hague, Enschede and Eindhoven/Helmond. These cities have received 2.7 million euro matching budget to develop eServices. The point is, however, that despite all the national plans, programs and projects, the real effect on the municipalities has remained limited, to say the least. All the compelling stories about the future of modern government and the need to innovate with ICT have had a very limited effect in the past, and since the ICT bubble burst at the turn of the century, these stories seem to have lost much of their power anyway. And although the strategy of stimulating eGovernment with financial incentives has been rather effective in some towns, serious questions can be raised about the more general relevance. Indeed, given enough money, any town can be persuaded to take up eService development. The question remains, however, whether the subsidized pilots and super-pilots will have any serious catalyzing effect as envisioned by national policy makers. As it is, it is especially hard to imagine that the hundreds of smaller municipalities in the Netherlands will be able to adopt and maintain the technologies which are currently being developed in a few larger cities.

To summarize, in the past years, the Netherlands has been caught in a stalemate position in which the municipalities were not in a position to invest in electronic service delivery and the state is was not in a position to enforce or effectively stimulate local eServices.

4. Some light at the end of the tunnel?

The analysis presented above provides a good explanation for the disappointing developments in public eServices in the Netherlands during the last decade when the Dutch central government produced many appealing, but unrealistic and ineffective policy reports.

But what about the future? Will the stalemate continue? At the time of writing, there seems to be some light at the end of the tunnel. Three recent developments worth mentioning are:

- some preparedness for stronger state intervention in sectors with a strong (local) autonomy;
- the removal of unnecessary barriers and the creation of a decent national infrastructure;

- inter municipal co-operation in concert with the private sector.

A more powerful state?

As discussed above, the Dutch national government always has focused on consensus building and voluntary participation of the government agencies involved. In recent years, however, we slowly but surely see some developments in the Dutch “polder”. At least in some sectors of Dutch society we see the recognition that public eService delivery requires more vigorous central steering and that at some points the national government may force breakthroughs by setting standards and by requiring (autonomous local) actors to adopt certain eServices. One example, which concerns autonomous regional police districts, is the online declaration of small crimes. Whereas electronic declaration has been possible in some of the 25 Dutch police districts, it was not in many of the larger ones. Recently (May 2004), the Dutch minister of Justice has decided to break with the consensus tradition and decreed that all police districts are to offer online declaration for small crimes. With respect to data standards similar changes are imminent. In the past, different agencies and government bodies have been allowed to develop and maintain their own datasets, even in domains where much of the data involved the same objects or persons. The central government is now harmonizing data standards for authentic registers, by means of legislation, paving the way further eService development.

Removal of barriers and the improvement of the national infrastructure

Developments on the local level have seriously been hindered by unnecessary barriers and a lack of an adequate technical and institutional infrastructure. Also in this respect we see some changes for the better.

On the legal front, some necessary components of the eServices infrastructure have been implemented. The implementation of the EU directives on electronic and digital signatures was completed in the summer of 2003. Also, legislation seeing to electronic communication and transaction between government and businesses and citizens was adopted in the Spring of 2004.

On the operational level, facilities and services are currently under development. An example is the national authentication service (NAV in Dutch), which will offer a secure means for electronic authentication. Another example is the Government Transactional Portal (OTP). This key project, run by the major ministries involved in eService delivery – Economic Affairs, Finance and Social Affairs – offers a single postbox for transactions in areas such as customs, taxes and social insurance.

Joint ventures in concert with the private sector

On the local level an obvious way to make progress is by joining efforts. In a previous contribution to DEXA [9] we have suggested that this is possible because the diversity in local policy practices is less than one might expect, given formal local autonomy. Recently, this suggestion has been supported by Muijsers who has investigated the practice of municipal tree felling (logging) policies [14]. His report supports our claim that many municipalities can easily join efforts in developing such products, since over 60% of the municipalities in fact make use of the same reference bylaw developed by the Dutch Association of Dutch Local Governments.

That this is recognized more and more is also illustrated by the uptake of joint service development by consortiums of local authorities aided by consultancy firms that kick start projects by writing project proposals, organize meetings, and applying for funding. One example is the central server project for building permits. This project is collectively run by 14 municipalities to test the feasibility of a joint server for

electronic filing of applications for building permits (Hoogwout and Te Velde, this volume).

4 Conclusion

In this paper we have discussed the stagnant development of electronic services in the public sector in the Netherlands. After almost a decade of ambitious policy papers on this topic, citizens and businesses still have to go to town hall for most of their businesses with government and there seems little hope of sudden improvement.

As we have tried to explain, this stagnation is caused by two related problems. First of all, there is the level problem. For agencies serving the Netherlands as a whole, there are sufficient resources to develop eServices and for most of them developing eServices is a sensible thing to do. However, the strong position of the municipalities in most public services suggests that eService development is taken up at this local level and here the sums do not add up. For the individual municipalities and local politicians the costs and risks involved are generally higher than the potential benefits.

The second problem is that, until now, the Dutch national government did not seem to have any effective means of solving this level problem. Municipalities could not be convinced by still more policy papers, and given the constitutional make-up of the Dutch state more active steering and control were always avoided.

However, something had to give in this situation sooner or later. And indeed, now something seems to happen. There are some indications that the Dutch state is taking a stronger position with regard to local inaction. A sense of urgency is resulting in the development of the necessary national infrastructure. Local authorities are finding ways to make the sums add up by joining up and developing joint services. At the same time, we are pleased to report, the rating of the Netherlands in the most recent international benchmark study is improving again [15]!

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